

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7922

BILL NUMBER: HB 1982

DATE PREPARED: Jan 13, 2001

BILL AMENDED:

SUBJECT: Changes to Unemployment Compensation.

FISCAL ANALYST: Chuck Mayfield

PHONE NUMBER: 232-4825

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that unemployment benefits paid shall not be charged to the experience account of a base period employer in certain instances of property condemnation or destruction of the employer's property. It provides that, in certain circumstances, the Commissioner of Workforce Development may adjust the estimated amount of contributions to be paid. The bill provides that, in certain circumstances, liability for repayment of benefits paid to an individual for any week may be waived. It changes time frames for appeals of decisions made by the Commissioner. This bill authorizes hearings concerning unemployment compensation to be held by telephone. The bill also authorizes home health care workers to be eligible for unemployment compensation if the workers are dismissed from employment under the law requiring criminal history checks of home health care workers. It eliminates the 25% penalty of unemployment benefits when a claimant has been found to have voluntarily quit employment without good cause. The bill provides for an administrative penalty equivalent to 25% of the claimant's weekly benefit amount to be assessed for each week that a falsification or failure to disclose amounts earned during a week for which unemployment benefits are claimed occurred. It makes various other changes to unemployment compensation.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill would keep the employer's rate from dramatically increasing if the employer has to temporarily close due to a disaster resulting in at least 50% of the employees receiving benefits. Currently, one employer with about 30 employees would qualify under the bill.

The bill allows the Commissioner of Workforce Development to adjust the estimated amount of employer contributions for failure to submit timely payroll reports. The employer must provide all the facts for failure to provide a timely report and submit an accurate and reliable payroll report. The provision would probably have minor fiscal impact.

The bill allows the waiving, in certain circumstances, repayment of benefits paid by an individual if :

1. Benefits received were without fault of individual;
2. Benefits were the result of payments made during the pendency of an appeal under which the individual is determined to be ineligible; and
3. Repayment would be against equity and good conscience.

The bill would have some minor impact on the fund by increasing expenditures.

This bill authorizes hearings concerning unemployment compensation to be held by telephone. This provision could reduce the administrative expenses of holding a hearing for involved parties.

The bill authorizes home health care workers to be eligible for unemployment compensation if the workers are dismissed from employment under the law requiring criminal history checks of home health care workers. The provision could have a minor increase in expenditures from the fund.

The bill eliminates the 25% penalty of unemployment benefits when a claimant has been found to have voluntarily quit employment without good cause. The Department of Workforce Development reviewed the 1999 claims and found that 34,719 people, 36.7% of the people eligible for monetary benefits, had reduced benefits. The average potential duration of benefits was 20.7 weeks while the actual draw was 17.7 weeks. The average reduction was three weeks. The impact of the additional three weeks of benefits is \$22.9 M ((3 weeks*\$218.57)*34,719 claims).

The bill provides for an administrative penalty equivalent to 25% of the claimant's weekly benefit amount to be assessed for each week that a falsification or failure to disclose amounts earned during a week for which unemployment benefits are claimed to have occurred. The provision would have a positive impact on the fund by possibly reducing expenditures.

The bill would reduce the balance in the Unemployment Insurance Benefits Fund but would not have a significant impact on the fund. The balance of the fund on June 30, 2000, was \$1.58 B.

The impact on the state would be as an employer. The state is self-insured, so the impact would probably be minor.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on locals is as employers.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development, All State Agencies.

Local Agencies Affected: All Local Units.

Information Sources: Charles Mazza, Department of Workforce Development, (317)232-7460.